

THE HUMAN AGE

SERIES

CLOSING THE SKILLS GAP
WITH TOMORROW'S TALENT

WEDNESDAY 12TH AUGUST 2015

DISCUSSION SUMMARY



ManpowerGroup™

INTRODUCTION

The Human Age Series is a calendar of quarterly events created for our most forward-thinking clients and associates.

ManpowerGroup's global research points to four world of work mega-trends creating a seismic impact on organisations today:

- 1. Demographics & Talent Mismatch** – finding the right person in the right place at the right time is becoming increasingly challenging
- 2. Individual Choice** – Skilled employees have more power, unskilled employees are becoming increasingly marginalised
- 3. Rise of Customer Sophistication** – organisations are using global buying power to drive more value from suppliers
- 4. Technological Revolutions** – new ways of working are increasing the importance of collaboration and coordination

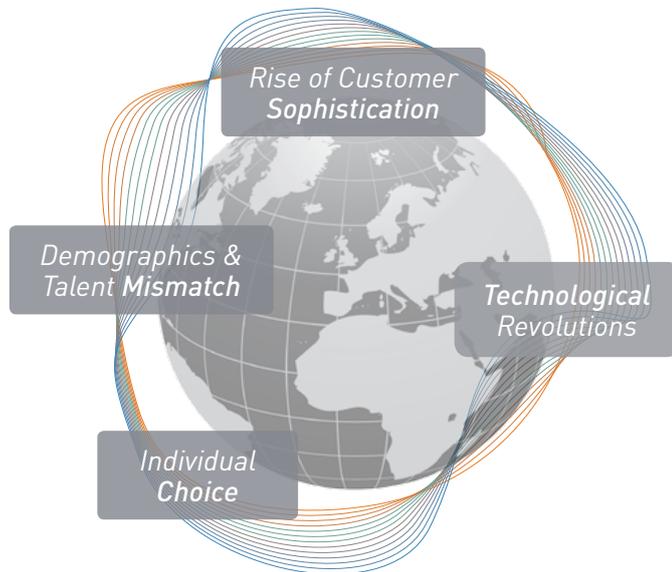
Wednesday 12th August 2015

Theme:
**Closing the Skills Gap with
Tomorrow's Talent**

World of work trend:
Demographics / Talent Mismatch

Senior business leaders from the following industries were present:

Defence, Document Management, Energy, Engineering Support Services, Financial Services, Professional Services, Public Sector, Telecommunications.



The purpose of these interactive events is to ensure our clients are kept on the pace with the latest developments affecting their talent strategy based on current trends.

THE CHALLENGE FACING EMPLOYERS

Finding the right talent is one of the biggest priorities for all businesses. Yet too many jobs are left unfilled and too many of Generation Y & Z lack the skills and experience employers are looking for. As a result, many of them are facing a 'high skills/low income' future. But is this the full picture? How well do we know the career aspirations and expectations of this demographic? Why are so many of them opting for self-employment? What do the young and gifted look for in the best companies to work for? And if we're not getting the kinds of skills we need from Gen Y/Z, what corporate responsibility do we have to work with schools and colleges to better prepare them?

By 2020, half of the workforce in the UK, USA and Australia is expected to be freelance.

GUEST SPEAKER: DAVID PRICE, OBE

Our guest speaker, David Price opened the lunch with an overview of the future of work in relation to Generation Y and Z (aged approximately 16-20 years), also known as 'Tomorrow's Talent.'

The challenge – we need young talent, do they need us?

David acknowledged that while it's easy to be critical of young people, they are facing a number of challenges that they've largely inherited from previous generations. At the same time, we are looking at them to solve the problems.

David suggested that this group could be split into four key cohorts:

- 1) **The gifted and talented**
- 2) **The entrepreneurs with drive**
- 3) **The qualified but unprepared for the world of work**
- 4) **Those with little hope in their future prospects**

Employers must be aware of the unprecedented scale of change facing this generation and what the future of work really looks like:

- Gen Y/Z are facing a high skills/low income future due to the impact of globalisation
- The end of 'learning is earning' – many won't recoup the investment in studying for a degree
- 60% global youth unemployment is forecast by 2030
- A widening gulf in social and youth inequality between those who do really well and those who don't

Talented youth are increasingly looking for a different kind of work future and the challenge for employers is to be able to look into the heads of adolescents and recognise what's important to them.

David suggested six key reasons why many youth don't want to work in a typical work environment:

1. **Some of the brightest talent are choosing to work for themselves** - it's never been easier to be self-employed
 - The UK is the 5th largest country in the world for freelancers
 - By 2020, half of the workforce in the UK, USA and Australia is expected to be freelance
2. **The importance of collaborative networks to Generation Y/Z**
 - Countless young people have an entrepreneurial drive along with extensive networks
 - They're hesitant to give these up and work for an employer
3. **Many youth don't believe in intellectual property but they do believe in having a strong sense of social purpose**
4. **They want to be engaged and are aware of the reality**
 - 'Globally, only 13% of employees define themselves as engaged at work.' – Gallup Survey 2013

Generation Y/Z are not necessarily driven by money but by social purpose and meaningful work.

GUEST SPEAKER: DAVID PRICE, OBE CONTD.

5. **Their qualifications aren't necessarily what employers want**
 - Soft skills are increasingly important but are not being developed enough
6. **The increase in automation and artificial intelligence**
 - By 2030, 47% of today's jobs could be at risk of automation, 2bn jobs globally

With this in mind, how do employers attract and retain tomorrow's talent?

David suggested the following:

1. **The most innovative companies in the world recognise that generation Y/Z are not necessarily driven by money but by social purpose and meaningful work**
 - Appeal to their desire to make the world a better place and reposition what your organisation is doing
2. **Create a culture of trust and autonomy**
 - Lead with honesty
 - Allow people to make mistakes
3. **Build a learning culture**
 - Youth want to know how much they can learn while they're with an employer
 - Recognise the importance of contributing to their learning, despite the fact they will move on
4. **Practice open innovation**
 - More companies are making patents widely available and working with engineers outside of their organisations to encourage innovation (e.g. Toyota and Teslr)
 - Share how to improve products and resolve issues collaboratively across the organisation
5. **Give them the freedom to follow their passions**
 - E.g. For over 60 years, 3M has given employees 15% free time to develop their own projects
 - Google has followed a similar format encouraging innovation, engagement and purpose

David concluded by encouraging organisations to continue to think of ways they can reorient themselves to understand, attract and retain this vital talent pool.

DISCUSSION: FACILITATED BY DAVID PRICE & MARK CAHILL (MANPOWERGROUP)

The need for industry to work more closely with schools and higher education to help drive the syllabus and educate students on the opportunities that exist and what skills employers are looking for was stressed throughout the event.

Attendees discussed several significant challenges facing today's business leaders in relation to tomorrow's talent and the shift in expectations and culture that's needed for organisations to begin to effectively address these.

Challenges with Gen Y/Z

1) Mindset

One attendee noted that in general, today's entry-level talent has a much higher confidence level and stronger social networks than previous generations. It was felt though that much of this confidence was unrealistic and required focus and a basic appreciation of what business is. It was proposed that this talent pool is not always grounded or demonstrates a long-term level of commitment. Further, it was suggested that in general, they are less mobile and open to moving to other locations within the UK.

2) Skills required

While the shortage of girls seeking to develop STEM skills for future work prospects is widely acknowledged, the stats show that higher numbers of girls do better at subjects such as mathematics than boys. It was put

forward that one of the biggest issues holding girls back in this area could be their mothers who may not be interested in such subjects themselves and therefore, do not encourage their daughters to consider careers in STEM as attractive choices.

It was suggested that one of the biggest challenges within the digital sector is that output doesn't meet industry's needs. While many students are interested in working on the creative side, the real need and skills shortage is for hard programming and coding skills.

Literacy levels amongst Gen Y/Z were also flagged as a concern, along with the requirement to help youth begin developing leadership and general soft skills from a much younger age.

Preparing students for the reality of the workplace

The need for industry to work more closely with schools and higher education to help drive the syllabus and educate students regarding the opportunities that exist and what skills employers are looking for was stressed throughout the event.

Attendees discussed the possibility of metrics being introduced to ensure that students

are better prepared for the workplace and that skills learned will be valuable in the future. This preparation should ideally start in their early teens. In addition to ensuring the skills students acquire will be relevant for their working life, there is also a strong need to educate students on all the possible routes into the workplace, not necessarily via university.

Even if employers can only retain talent for a limited period of time, how can they ensure employees are productive and bring value to the business during that timescale?

While the government is recognising the need to connect more businesses with schools, it was noted that in reality, schools are under so much pressure to deliver results that many are not receptive to working closely with future employers. Although this connection can at times be made possible via children of employers, it requires careful management.

Our guest speaker suggested we may be 'divorcing all learning from any real world context.' In general, getting kids out into the community is not necessarily seen as 'real

learning' in the UK and can result in a waste of talent who have the capability but not the opportunity.

Could the UK learn more from countries such as the US where students are not simply given work experience but are contractually signed up to internships with employers, helping them to take this seriously, exposing them to the reality of the workplace, and enabling them to begin building the required skills for the future?

Retention of Generation Y/Z

While some organisations may question why they should invest in young people if they aren't likely to stay for long, the audience discussed the inevitability that talent is likely to remain in a job for several years at most and that as employers, it is vital to consider how to make this time worthwhile for both parties. It was suggested that it is *employers* who may need to change their working model and their expectations.

The need to redesign the culture of an organisation was discussed, a culture that offers sufficient freedom to encourage employees (especially Gen Y/Z), to stay for longer.

The importance of employee engagement was noted along with its correlation with retention - if employers work hard to ensure their talent has interesting things to do and new challenges to take on, this will also increase the likelihood of them staying.

It was also put forward that one of the foremost reasons young people leave is

due to a lack of creativity in their role. The importance of ensuring line managers have expertise in career management was recommended.

As talent who seek portfolio careers increases however (including increasing numbers who desire a freelance role), can employers challenge their relationship with talent so that even if they're no longer working full-time, they can still be working with an organisation in some capacity and remain strong advocates of the business? Even if employers can only retain talent for a limited period of time, how can they ensure employees are productive and bring value to the business during that timescale?

Finally, it was noted that many organisations are investing heavily in their alumni and are striving to create a positive experience and sufficient engagement to encourage talent to continue a relationship with the business, either as a future customer or a future employee in some capacity.

Gen Y/Z are often more concerned about the quality of their work – is it fulfilling, interesting and exciting for them? Does it give them a sense of meaning and purpose?

Motivations and values for Generation Y/Z

As our assumptions are not always correct, the importance of understanding what truly motivates talent in their careers was discussed, along with the difference in general motivations and values between each generation.

It was suggested that while generation X may often gain a certain amount of esteem from their workplace and job, the next generation may not seek esteem through the brand they work for and may place more emphasis on what project they are working on. Generally they expect to have a number of different careers throughout their lives, altering their mindset.

Rather than being focused on where they sit in an organisational hierarchy, Gen Y/Z are also often more concerned about the *quality* of their work – is it fulfilling, interesting and exciting for them? Does it give them a sense of meaning and purpose? While the reality for many in Generation X may be that their career is not always their vocation and passion, this is not necessarily the desire of Gen Y/Z.

As the values of tomorrow's talent may be very different to our own generation, the need to understand what drives this talent pool and how to promote them into roles that they can feel inspired about is crucial.

The requirement to understand and manage expectations from both sides continues to grow in importance – from an employer’s point of view, particularly around engagement and retention, and from the point of view of Gen Y/Z, around mindset and what value they can bring to a business.

CONCLUSION

The issues facing both tomorrow’s talent and the employers who seek to attract them are both complex and diverse. To effectively meet these challenges requires an acknowledgement and openness for change and balance from both sides.

While increasing numbers of Gen Y/Z may desire to work for themselves, not all will realistically have that option, particularly early on in their careers. To attract and retain engaged and productive talent, the need for both employers to take the time to understand what motivates and drives this generation is just as crucial as this talent pool themselves ensuring they acquire and seek to develop the relevant skills that will be valuable and attractive to potential employers.

The requirement to understand and manage expectations from both sides continues to grow in importance – from an employer’s point of view, particularly around engagement and retention, and from the point of view of Gen Y/Z, around mindset and what value they can bring to a business.

It’s vital that employers recognise the crucial role they play in educating and preparing youth for the realities of the workplace and continue to seek ways they can actively engage with schools and higher educational institutes to the long-term benefit of all.

Despite the challenges, employers who embrace the opportunity to understand and engage the next generation of future potential employees or customers, are the ones who will not only remain competitive and innovative but who will truly benefit from the passion, creativity and unique capabilities that tomorrow’s talent holds.